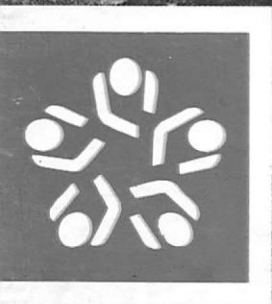


# **SOUTH AFRICAN INSTITUTE *of* RACE RELATIONS**

*66th Annual Report  
1st April 1995 to 31st March 1996*



**TO THE**

**MEMBERS OF THE**

**SOUTH AFRICAN INSTITUTE OF RACE RELATIONS**

**SOUTH AFRICAN INSTITUTE OF RACE RELATIONS (INC)**

**66th ANNUAL REPORT**

**1st APRIL 1995 TO 31st MARCH 1996**

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**CHIEF EXECUTIVE'S REPORT TO MEMBERS  
FOR THE 1996 ANNUAL GENERAL MEETING  
ON 16TH JULY 1996**

**INTRODUCTION**

A month ago today was the twentieth anniversary of the upheavals that began in Soweto on 16th June 1976. The Institute was foremost among those trying, without success, to alert an intransigent government to the looming catastrophe. The upheavals rattled whites - so much so that eighteen months later Prime Minister John Vorster was re-elected with a bigger parliamentary majority than ever before. At the same time, the election provided proof of a liberal resurgence in that the Progressive Federal Party replaced the defunct United Party as the official opposition, with 17 seats. Even so, few people would then have predicted that 20 years down the road the constitution entrenching apartheid would have been replaced by one based on universal adult suffrage. The finalisation of that new constitution has been the most important development in the country during this past year.

As described in more detail towards the end of this report, the Institute sought, with some success, to influence certain aspects of the bill of rights in the new constitution, which was enacted by the the constitutional assembly on 8th May 1996. We argued in particular that the bill of rights should be a shield to protect citizens from possible abuses of power by the state rather than a sword in the hands of government. Liberals, members of the Institute included, are divided among themselves as to whether or not the state should outlaw racial (and other) discrimination by private individuals and institutions. The Institute argued to members of the constitutional assembly that if parliament wished to make private discrimination illegal, it should do so by ordinary legislation rather than through a bill of rights that left it up to the constitutional court to decide how far the pursuit of equality by the state should prevail over private choice. Any such legislation, we contended, should be subject to constitutional protection of rights of privacy and freedom of association.

The debate over what degree of state intervention in economic life and the private domain is appropriate in post-apartheid South Africa is only now beginning to take place. The Institute has this past year played an important role in fostering the idea of limited government under just law. Limited government does not mean weak or ineffective government. It means that although government should intervene in a limited number of areas, it should be efficacious in those areas where its intervention is necessary. And in this respect there are signs that the government is floundering, having bitten off more than it can chew. It has set up a series of special commissions to deal with such things as youth, human rights, corruption, 'gender-related issues', 'truth and reconciliation', and language, but fails successfully to confront the one key function which is the role of all government, everywhere: making people feel safe.

Although South Africa at the time of writing seemed well on the way to conquering inflation, which had been squeezed down to its lowest level in a quarter of a century, foreign confidence in the management of the economy had waned. The clearest evidence of this was the rapid decline (some 20%) in the foreign exchange value of the rand in the first half of the year. In an effort to restore confidence, the finance ministry released an ambitious plan to push up the country's growth rate and create 833 000 new jobs by the year 2000.

## FINANCE AND MEMBERSHIP

Income from membership rose by a healthy 25% during the year ended 31st March 1996. This was double the previous year's rate of increase. It is a particularly pleasing result given the concern I expressed in my last report that some of our members apparently believed that with the end of apartheid the Institute's job is done. We have in fact had a better rate of membership renewals than we budgeted for. Especially gratifying is that an earlier declining trend in individual membership has been reversed. Corporate and company membership is holding up well, thanks mainly to increased personal contact with these members, who have become more exacting in requiring the Institute to explain its use to them and to the country at large. Enrolment of new company members is proving difficult, however, perhaps partly because the Institute has not sufficiently differentiated itself from other organisations who appear to some companies to be doing the same thing.

The financial statements show a more than six-fold increase in our operating surplus (from R271 141 to R2 076 659). However, R1 196 431 of this amount was an educational bequest to the Cape Western region which has subsequently been transferred to a reserve fund. If this abnormal item is stripped out, and one other minor adjustment is made, our operating surplus rises from R271 141 the previous year to R859 228 last year, or by some 217%. Particularly good is the fact that whereas in 1994/95 we were able to transfer R200 000 from our operating surplus to our research fund, we were able in 1995/96 to transfer R800 000, with the result that this research reserve fund, carefully built up over the years, now stands at R2m. This is obviously very pleasing, but we anticipate that we may have to draw on it quite substantially over the next couple of years unless substantial additional funding can be found to replace our declining income from bursary administration, which has been a vitally important source. Indeed, the major financial problem now facing the Institute arises from the winding down of foreign funding for our bursary programme as foreign governments switch their funding from private organisations such as the Institute to the government.

## PARLIAMENTARY AFFAIRS OFFICE

At the beginning of 1996 we established a Parliamentary Affairs Office in Cape Town. Situated a stone's throw from parliament, the office is designed to enable the Institute both to provide a better monitoring service for its members and to influence policy and legislation more directly. The office quickly proved its worth in co-ordinating our campaign on the bill of rights (see below) and persuading some of the parliamentary parties to reconsider their positions on some issues. The office, which forms part of our Free Society Project, also played a role in our efforts to thwart plans to give a government-appointed commission draconian controls over non-governmental organisations (see also below).

## RESEARCH AND PUBLICATIONS

Our best-known publication, the annual **Survey**, changed its name from **Race Relations Survey** to **South Africa Survey** with effect from the 1995/96 edition, which came out in May. The change reflects not an intention to pay less attention to racial issues, but the fact that the **Survey** has long since stopped confining itself to racial matters. The 1995/96 edition, the 59th since the first **Survey** was published in 1936, contained, for the first time, a 'Human

Rights Review', which reported on legislation and judicial decisions touching upon the various sections of the bill of rights entrenched in the interim constitution. Information about land, housing, municipal services, and domestic energy sources was consolidated into a new chapter on 'Living Conditions' which also contained data on water and sanitation, telephone and postal services, and roads and transport. Once again the **Survey** revealed the particular hardships suffered by people in the rural areas. Among the more startling statistics included in the **Survey** is that some 4,5 million households in non-urban areas - nearly 90% of such households in fact - have no running water in their dwellings. Twenty per cent of the people living in these 4,5 million households have to travel a kilometre or more to fetch it. South Africa has surplus electricity generating capacity, but only 15% of people in rural areas have electricity in their homes - although Eskom is making inroads into these backlogs. In urban areas, only a quarter of Africans have telephones in their homes and in the rural areas that figure is 1,9%. As was the case last year, the **Survey** contained a wealth of statistics broken down by province.

Making use of a grant of R250 000 from Mr Kenneth S Birch, we supplied a complimentary copy of the **Survey** to all 490 MPs and senators as a contribution to the enhancement of debate and the development of parliamentary democracy in South Africa.

Eleven issues of **Fast Facts** were published. The new Labour Relations Act was the focus of a detailed analysis spread across two issues. An accompanying article highlighted the fact that the legislation, like earlier labour legislation, favoured organised labour and business to the possible detriment of the unemployed. A separate article looked at some of the issues to be dealt with by the Labour Market Commission, whose report was issued in June 1996. Several reports on unemployment were also published in **Fast Facts**, along with comparative details about unemployment rates in the various provinces. Much of the material on unemployment was drawn from preliminary reports emanating from a special study of the problem launched early in 1996 (see below). In addition, **Fast Facts** carried several articles specially written for it by some of the provincial premiers, along with a wide range of comparative socio-economic data on the nine provinces. This included information on the redistribution of spending from richer to poorer provinces. Crime also featured in the publication, along with monthly updates of political violence figures, economic indicators, and our regular page of the latest economic forecasts. **Fast Facts** further reported on matric results over 20 years, constitutional matters, and political trends.

Three issues of **Frontiers of Freedom** were produced by the Institute's Free Society Project, which is sponsored by the Friedrich Naumann Foundation, the International Republican Institute, and the Westminster Foundation for Democracy. The project is designed to promote liberal values, notably the concepts of limited government, the rule of law, free enterprise, individual rights, and attention to those who are least well-off in South Africa. This last has always been a central concern of the Institute and indeed of South African liberals at large. Our reservations about the Labour Relations Act were thus essentially based on the apprehension that it would be inimical to the interests of the unemployed. **Frontiers** also carried a series of articles evaluating the extent to which the bill of rights would increase the freedoms of the individual while limiting the powers of the state or vice versa. Attempts to curtail the rights of illegal immigrants were critically assessed, along with attempts to forestall the liberalisation of agricultural markets. The Truth and Reconciliation Commission was put under the spotlight, as were arguments that apartheid could be equated with Nazism as a 'crime against humanity'. Other articles dealt with political correctness, group rights, political violence, censorship, problems in education, land reform, constitutional

developments in KwaZulu-Natal, plans to curtail the rights and independence of non-governmental organisations, race relations, and the meaning of liberalism. An article questioning widely-held assumptions about the population explosion provoked some critical replies, as did an exposé of intimidation of lecturers on the campus of the Medical University of Southern Africa.

Two special publications were also issued: the 37th Alfred and Winifred Hoernlé Memorial Lecture delivered by Lionel Abrahams under the title **The Democratic Chorus and Individual Choice**, and **The Liberal Slideaway** by Jill Wentzel, Special Research Director.

The Institute was commissioned by the Kellogg Foundation of Battle Creek, Michigan, to conduct a critical evaluation of that foundation's bursary programme in South Africa over the past decade. Altogether 3 000 students, nearly all of them black, have benefited from bursaries at South African universities financed by the foundation. Some of the bursaries were awarded through the Institute's own Bursary Department. A number of secondary schools have also received financial support from Kellogg. The study made use of questionnaires filled in by about 600 of the students. It also involved interviews with university administrators and academic staff, and discussions with groups of students at several of the institutions.

Professor Lawrence Schlemmer, a Vice-President of the Institute and former President, has joined us as Visiting Research Fellow for the year to conduct a study of unemployment for which special funding has been obtained from the Anglo American and De Beers Chairman's Fund, supplemented by grants from Caltex, Iscor, and Nasionale Pers.

## **BRIEFINGS, LECTURES, AND SEMINARS**

The Chief Executive delivered addresses to about two dozen audiences on various topics, among them the Labour Relations Act, crime and violence, the political outlook, and the government's performance in its first 18 months in office. The audiences included Institute members in Johannesburg and Cape Town, business and professional women in Soweto, the International Credit Insurance Association, and a business gathering in Washington DC.

Dr Anthea Jeffery, our Special Research Consultant, Mr Peter Leon, a member of the Council of the Institute (and DP leader in the Gauteng legislature), and I addressed meetings of members of the Institute in both Johannesburg and Cape Town in an effort to alert business to the dangers in applying the bill of rights horizontally.

In addition, briefings were given by Institute staff to delegations and visitors to Auden House from the United Kingdom, Switzerland, Hungary, the Czech Republic, Zimbabwe, the Republic of China, Holland, the US, France, and Germany. Those briefed included academics, businessmen, and diplomats. Private briefings were also given to members of South African, British, and American media, including several on the 20th anniversary of the Soweto upheavals.

Since last year a variety of functions have been held for our members, as follows (the venue being Johannesburg unless otherwise indicated):

- 14th September 1995 Dr Detmar Doering, Deputy Director of the Liberal Institute in Bonn, on **Federalism - is there a German model?**
- 18th September Deval Patrick, Assistant Attorney General for Civil Rights in the US Justice Department, on **Affirmative action: lessons from America's successes and failures**
- 12th October Lionel Abrahams, poet and writer, editor, publisher, critic and teacher, on **The Democratic Chorus and Individual Choice** (the 37th Hoernlé Memorial Lecture)
- 8th November Michael O'Dowd, Chairman of the Anglo American and De Beers Chairman's Fund, on **Human Rights Laws**
- 30th January 1996 Brigadier W J Le Crerar, Director of Internal Communication of the South African National Defence Force, and Lieutenant General L S Moloi, Chief of the Service Corps, on **The Transformation of the South African National Defence Force and Its Role in Stabilizing South Africa**
- 15th February Professor Hermann Giliomee, president of the Institute and professor of political studies at the University of Cape Town, on **South Africa's Democracy: New Challenges, New Threats** (the 1996 presidential address)
- 6th March Professor Lawrence Schlemmer, Vice-President of the Institute, on **Reconciliation and Race Relations in the New South Africa: Are we Winning?**
- 28th March John Kane-Berman, Anthea Jeffery, and Peter Leon on **Business Vulnerability to a Bill of Rights Horizontally Applied**
- 17th April Hermann Giliomee on **South Africa's democracy: new challenges, new threats** (Cape Town)
- 26th April John Kane-Berman, Anthea Jeffery, and Peter Leon on **Objections to a Bill of Rights Horizontally Applied** (Cape Town)
- 30th May Professor Charles van Onselen, director of the Institute for Advanced Social Research at the University of the Witwatersrand, on **The platteland's race relations over the decades**
- 19th June Hermann Giliomee on **Liberalism and the new constitution** (Pietermaritzburg)
- 20th June Hermann Giliomee on **Liberalism and the new constitution** (Durban)

Some of these briefings were held in the early evening, others over breakfast. Evening functions appear to be favoured by individual members, breakfast briefings by corporate members. Professor Schlemmer's lecture on race relations was given over breakfast one morning at the Transvaal Automobile Club and repeated that evening at Auden House. Professor Giliomee's presidential address was delivered at Auden House. He repeated aspects of that address, while also adding in new material, at functions for members in Cape Town, Pietermaritzburg, and Durban. The seminar on the horizontal application of the bill of rights was given in Johannesburg and repeated for members in Cape Town. Mr Abrahams's memorable, courageous, and well-attended Hoernlé Lecture was held at the Carlton Hotel. We experimented with a venue in Sandton for Mr O'Dowd's lecture, but it appears that individual members are still willing to come to Braamfontein for evening functions despite the general apprehension in Johannesburg about crime. It is a help that we have been able to arrange for a parking garage across the road from the Institute to be open on the evenings when we have functions.

### NATIONAL BURSARIES

Seven hundred and ninety schoolboys and girls are being assisted this year on the enrichment programme (extra lessons for pupils in Standards 9 and 10) run by our Bursary Department in Pretoria and Johannesburg.

Our university and technikon students last year recorded their highest pass rate so far. Pass figures for the last six years are as follows:

1990	:	84%
1991	:	86%
1992	:	91%
1993	:	86%
1994	:	91%
1995	:	92%

Altogether 238 students graduated last year in the following fields of study: commerce 47, science 40, business administration 30, health science 24, medicine 22, arts 20, law 18, engineering 15, education 14, architecture 4, and dentistry also 4. The following bursary awards were made for the 1996 academic year:

	New	Cont	Total
University	31	580	611
Technikon	32	144	176
Teacher Training	-	11	11
High School	-	29	29
	63	764	827

Head office student numbers for new and continuing bursaries over the past eleven years were as follows:

Year	University	Technikon	Teacher Training	High School	Total
1986	374	9	24	70	477
1987	562	23	68	69	722
1988	624	27	22	98	771
1989	704	42	44	107	897
1990	689	74	91	63	917
1991	721	76	81	44	922
1992	860	139	70	42	1 111
1993	881	133	54	69	1 137
1994	885	323	24	11	1 243
1995	757	240	19	59	1 075
1996	611	176	11	29	827

Over and above the 1 075 students listed above for 1995, we assisted 1 050 students in their final year. This was with a special grant of R7 190 022 made available by the US Agency for International Development, to whom special thanks are due for this additional support for our bursary programme.

As the table indicates, we have this year awarded only 827 bursaries (only 63 of them new ones, all the rest being renewals for students passing on to a subsequent year of study). Last year, of the total of 1 075 bursaries, 367 were new ones. The amount available for bursaries for the 1996 academic year is R12,3 million, which is 15% below last year's figure. The reason for this is that foreign funding of our bursary programme has peaked and is now winding down, rapidly. This is deeply regrettable. As the pass rates listed above show, donors, both foreign and local, have been well rewarded by the successes of the students whom they have assisted. Foreign financial assistance for South African education is not necessarily drying up. In future nearly all of it is likely to go to the government. The Institute has tried to argue the case for continued support of its bursary programme by foreign governments, but with little success. We have been told that the international practice is for governments to fund other governments. This did not apply to South Africa given the fact that its previous government was an international pariah. Now that we are a normal country the usual rules will apply. It is more than a little ironic that foreign governments urge the virtues of privatisation upon the new South African government while at the same time diverting their own financial assistance to the country from private organisations, such as the Institute, to the state. Given the excellent track record of our bursary programme, I think we are entitled to wonder whether money poured into a government pot for education will be as cost-effectively spent as we have been able to spend it.

The Institute will endeavour to replace the foreign funding of its bursary programme with local funding. We already run a number of bursary schemes for South African firms and trusts, most of whom are listed on pages 33 and 34 in the notes to the financial statements. This year we launched a programme for Pick 'n Pay after signing an agreement with Mrs Wendy Ackerman to run a scheme for the children of that company's employees. In addition we run a large programme for Engen.



The drying-up of foreign funding for bursaries, and the fact that South Africa now has a government whose legitimacy is so widely acknowledged, caused the Institute to review its policy regarding the receipt of funding from the state. In the past we have neither sought nor received money from the South African government. Your Council at its meeting in August 1996 referred the matter to the Executive Committee, which decided in November that the Institute could accept funding from the reconstruction and development programme, but for educational projects only and provided that any conditions laid down for the receipt of such funds were acceptable.

## CAPE WESTERN REGION

A *Topic Paper* by the minister of water affairs and forestry, Professor Kader Asmal, was published by the region in March. Ms Naledi Pandor, deputy chief whip of the ANC, addressed the March meeting of the region on the topic 'Emerging educational policy: possible future roles for NGOs.' However, most of the Cape Western regional committee's energy went into its three main educational projects.

The Western Cape bursary department gave 98 new awards and renewed 293 bursaries. Sixty-two of the new awards were for students attending technikons. Since its inception in 1982, the Western Cape bursary department has seen 229 young people it funded graduate in fields such as engineering, medicine, law, and journalism. Eighty-one had completed technikon courses such as graphic design, dental technology, clothing production, and horticulture. The average pass rate of bursars over this period was 81%. The funds for 1996 regional bursaries decreased by 14% on the money available in the previous year. Although the region's largest bursary donor, the D G Murray Trust, had originally reduced its funding, it subsequently agreed to donate a further R50 000 to the bursary programme.

After an earlier indication from the German government that it might cut back on funding, it reached a decision to fund the Enrichment Programme fully. Around 2 000 students are attending the programme in Khayelitsha and Langa.

Headstart College, now in its fifth year, has enrolled 192 students and has increased its staff. Headstart students produced excellent results in 1995, obtaining pass rates of 96% for maths, 90% for physical science, and 100% for English. Nineteen-ninety-six funding, although better than that of the previous year, was still uncertain, due to an outstanding amount from the Kagiso Trust. Discussions were taking place with the Danish government and other bridging programmes about setting up a consortium of such programmes.

The region received about R1 million from the estate of the late Susan Kooy which was placed in a fixed-deposit interest-bearing account at Syfrets, the interest to be used for the committee's educational work.

## STAFF

Mrs Sinah More (Switchboard Operator/Receptionist) received an award for 15 years of service in September last year, while Mr Horace Meek (Postal Clerk), Ms Thando Zengetwa (Membership Administrator), and Mrs Susanne Eusman (Chief Secretary) received awards for 10 years of service each.

*1995 Don Caldwell Unconventional Hero Award:* The Special Research Director, Mrs Jill Wentzel, won the 1995 Don Caldwell Unconventional Hero Award for her book **The Liberal Slideaway**.

## COUNCIL AND OFFICE-BEARERS

A new Council was elected in May this year for a four-year term of office. A new Executive Committee was elected in September last year for a two-year term of office. The names of the members of both these bodies appear at the beginning of this report. Professor Hermann Giliomee is the new President of the Institute and Professor Elwyn Jenkins the new Chairman of the Executive Committee. I regret to report the resignation of Mr Maurice Allen from the post of Honorary Treasurer.

## THANKS

Thanks are due to all our members for their continuing support for and loyalty towards the Institute. Thanks are due also to the sponsors of our Free Society Project and our special study of unemployment. Their names are given earlier on in this report. The names of the various people who help to finance the **Survey** are listed in the front of that publication, and to them we are also grateful. The supporters of our bursary and other educational programmes are listed by name above or in the financial statements towards the end of this report, and our gratitude is due to them as well. I am grateful too to our office-bearers and to the members of the previous Council and Executive Committees for the time they have given to the affairs of the Institute. Finally, a word of thanks to all the staff of the Institute, both at Head Office in Johannesburg and in Cape Town, for all the work they put into the organisation.

## PUBLIC POLICY ISSUES

**Unemployment:** The Institute has played a role in drawing attention to the need for lessening controls over the labour market. Last year, in various presentations to mark the end of the new government's first year in office, we asked whether it was appropriate, given high and rising unemployment in South Africa, to prevent the unemployed, the vast majority of whom are black, from undercutting wage rates. We pointed out that the vast majority of the unemployed had received no formal training and therefore had no competitive advantage in the labour market other than possible willingness to sell their labour at less than union rates. When the Labour Relations Act was passed later in the year, we criticised it on the grounds that it might have a detrimental impact on the unemployed and on small business. We also raised doubts as to whether it was democratic to empower trade unions and employers to extend their bilateral wage and other agreements to businesses and workers who were not party to those agreements. Although the Act was hailed as a satisfactory compromise all round when it was passed, there appear to have been second thoughts about in the business community. This may be partly due to the concerns about the Act that the Institute expressed, both in oral presentations to various business audiences and in published material. At the same time, as already indicated, knowledge about unemployment in South Africa is not as extensive as it needs to be if appropriate policies are to be formulated by government. Hence

the launch of the Institute's special study of unemployment.

***Illegal immigration:*** The fact that estimates of the number of illegal immigrants in South Africa range from two to eight million suggests that we do not know much about this phenomenon either. Our unemployment study reveals that illegal immigrants are seen in South Africa as the single most important cause of unemployment, but there is no evidence that this is in fact the case. Over the past year or two the Institute has been expressing concern about hostile attitudes increasingly being adopted towards such people. We will keep careful track of any legislation on illegal immigrants that could be inimical to civil liberties. We also hope to be able to investigate illegal immigration more thoroughly with a view to promoting appropriate policies.

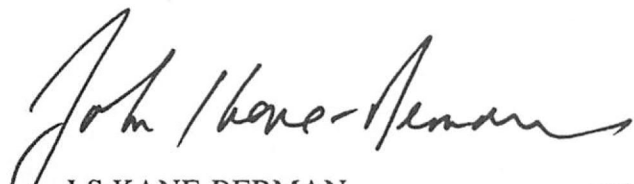
***Racial attitudes:*** I mentioned in my last report to you that racial thinking in South Africa was 'by no means a thing of the past'. The point was driven home forcefully, if unintentionally, by a talk given at Auden House almost a year ago by representatives of a liberal students' organisation. Commendably, these students were proud to describe themselves as 'liberals' at a time when the word is once again sometimes being used almost as a term of abuse, especially when the word 'white' is put in front of it. At the same time, these students seem to have abandoned the liberal ideal of a colour-blind society and accepted instead the notion that universities must be racially 'representative'. And if that is the case among student liberals, one can only wonder whether there are very many people in the country at large who have a colour-blind vision. Given South Africa's history, it is perhaps inevitable that success in moving away from apartheid will be measured not by how far we progress towards a society where nobody cares a damn about skin colour but by how far we measure up to various racial targets and quotas. Many people - probably most - believe that such an approach is necessary to undo the past. The danger is that South Africa will simply recycle some of the worst features of that past. The colour-blind ideal could turn out to have been a mirage.

***The bill of rights:*** As already mentioned, the Institute mounted a campaign to improve the bill of rights, which forms part of the constitution enacted on 8th May. At the time of writing the present report, the incoming new constitution was awaiting certification by the constitutional court as required by the outgoing interim constitution enacted in 1993. We argued that the only purpose of the bill of rights should be to act as a shield to protect citizens against abuse of power by government. If it tried also to regulate relations between individuals it might become instead a sword in the hands of the state. This, we contended, could endanger individual rights, undermine South Africa's essentially liberal common law, and give the constitutional court law-making power which properly belongs to an elected parliament. We further argued that it was inappropriate to include 'socio-economic rights' in a constitution - not because it was not the state's job to tackle the country's enormous socio-economic backlogs, but because 'socio-economic rights' were not constitutionally enforceable. Our arguments received wide press coverage after we made direct contact with newspaper editors and briefed them on the dangers of making the bill of rights applicable horizontally (as between individuals) rather than only vertically (binding only on the state). Several newspapers backed the Institute's position.

As mentioned above, two seminars were held, one in Johannesburg and one in Cape Town, to alert the business community in particular to problems likely to arise from horizontal application. The speeches made at these seminars were extensively reported. Institute officials also held meetings with representatives of all the parties represented in parliament, as well as with some of the lawyers advising the constitutional assembly. We were given the

opportunity to address the caucuses of some of the parties. Alternative formulations of some of the relevant sections of the bill of rights were drawn up and supplied to some of the parties. The result of this campaign of direct intervention was that some of the provisions to which we objected were diluted: horizontality was not removed, but it was watered down. The bill of rights which finally emerged was, in our judgement, a better document as a result of the Institute's efforts - a view shared by the *Financial Mail*. At the time of writing the present report we were awaiting the outcome of an attempt to secure further improvements. This involved lodging a formal objection to the constitutional court to certain clauses on the grounds that they were unconstitutional; this was because they did not comply with the binding constitutional principles attached as a schedule to the interim constitution to guide the writing of the new one. The arguments put forward by the Institute during this campaign were published in various issues of **Frontiers of Freedom** and **Fast Facts**.

**Non-profit Organisations Bill:** The Institute launched a campaign of protest against this bill, drafted by a firm of Cape Town attorneys on the instruction of a group called the Development Resources Centre. The bill provided for the establishment of a new commission, the majority of whose members would be government appointees, with extensive powers of surveillance over non-governmental organisations (NGOs). These included the power to subpoena any documents from an NGO as well as the power to remove persons from, or appoint persons to, the board of trustees of any NGO. Although the bill had not been adopted as a government bill, the Institute thought it prudent to hold meetings with relevant government officials to alert them to the problems the bill would cause if enacted in the form in which it was published. In particular, we pointed out that subjecting NGOs to such controls would pose a grave threat to their independence. We alerted NGOs that are members of the Institute to the bill, and also sent out a warning letter to a large number of other NGOs. Many wrote back endorsing our concerns and thanking us for drawing the bill to their attention. We then informed the relevant minister (who subsequently left the cabinet) in an interview that the bill would run into strong opposition from NGOs. Our criticism of the bill was given extensive coverage in the press and on television. As a result of these endeavours the Development Resources Centre sought to distance itself from the bill, arguing that some of its provisions were not in accordance with the centre's intention and that it was no more than a draft for discussion. At the time of writing, the bill had not progressed any further.



J S KANE-BERMAN  
Chief Executive

2nd July 1996

**REPORT BY THE CHAIRMAN OF THE EXECUTIVE COMMITTEE  
ON THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31st MARCH 1996**

The Institute ended the financial year with a surplus of R2 076 659. This figure needs to be adjusted by an amount of R1 217 431 which was transferred to two reserve funds in the Western Cape. Of this last amount, R1 196 431 was a bequest received from a deceased estate originally shown as a grant; the other R21 000 has been placed in a reserve account for the purchase of a new vehicle for the Bursary Manager in the Western Cape. The surplus thus adjusted is R859 228 compared to a surplus of R271 141 last year - a 217% increase.

After adjusting for R1 196 431 our income was R6 559 705 against R5 323 533 last year, a 23% improvement. Membership fees and subscriptions were 25% up, while administration fees received from bursary funds were 27% higher. Interest received was 89% better than the previous year. Membership fees were put up but I am pleased to report that there was also growth in enrolments. In particular the gradual loss of individual members referred to last year was stemmed and in fact new individual members were enrolled. The increased administration fees from bursary funds were obtained from a special grant that USAID made available to us for disbursements to additional final-year students who had unpaid accounts. The extra sum was made possible as the deteriorating rand created a surplus on conversion from dollars. USAID appropriations are made in dollars at a fixed conversion rate negotiated at the start of the contract. The funding from USAID has peaked and is not expected to be maintained at this level in the longer term.

Expenditure increased from R5 052 392 to R5 679 477 (up 11%). This is higher than the inflation rate and is acceptable in view of the improved income figures. A further R800 000 was transferred to the research fund out of the excess of income over expenditure, increasing this fund to R2 million.

The balance sheet is adequately structured. The Institute now manages net assets of about R14 million, about R2 million more than last year.

The listed investments of the bursary funds showed a market value appreciation of R1 344 763 above the cost price of R1 288 057. This does not have any influence on the assets of the Institute.

I would like to thank Mr Frank Oppler and his staff for the thorough and competent manner in which they handled the finances of the Institute. My thanks also go to Mr Michael Reid of the auditors, Price Waterhouse, for his support and advice to the Institute and his skilful conducting of the audit.



E R JENKINS  
Chairman of the Executive Committee

2nd July 1996

THE SOUTH AFRICAN INSTITUTE OF RACE RELATIONS  
(INCORPORATED ASSOCIATION NOT FOR GAIN)  
AND ITS SUBSIDIARY COMPANY

*ANNUAL FINANCIAL STATEMENTS*

for the year ended 31 March 1996


REGISTRATION NO: 05/10068/08

FUND RAISING NO: 01 100066 0006

I N D E X

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Report of the directors	27
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Income statements	29
Cash flow statement	30
Notes to the annual financial statements	31 - 41

The annual financial statements which appear on the attached pages were approved by the Directors on 29 May 1996 and are signed on their behalf by:

  
.....  
DIRECTOR

  
.....  
DIRECTOR

**REPORT OF THE INDEPENDENT AUDITORS**

To the members of  
South African Institute of Race Relations  
(Incorporated Association not for gain)

We have audited the annual financial statements and group annual financial statements set out on pages 27 to 41. These financial statements are the responsibility of the Institute's directors while our responsibility is to report thereon.

We conducted our audit in accordance with generally accepted auditing standards which required that we plan and carry out the audit to obtain reasonable assurance that fair presentation is achieved in the financial statements in all material respects. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We consider that our audit procedures were appropriate in the circumstances to express the opinion presented below.

In our opinion these annual financial statements fairly present the financial position of the Institute and the group at 31 March 1996 and the results of their operations and cash flow information for the year then ended in conformity with generally accepted accounting practice and in the manner required by the Companies and Fund Raising Acts.



Price Waterhouse  
29 May 1996

THE SOUTH AFRICAN INSTITUTE OF RACE RELATIONS  
(INCORPORATED ASSOCIATION NOT FOR GAIN)  
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**REPORT OF THE DIRECTORS**

for the year ended 31 March 1996

The Directors have approved the attached Financial Statements and submit their Report for the year ended 31 March 1996.

REVIEW OF THE INSTITUTE'S BUSINESS AND OPERATIONS

The main activity of the Institute is that of a Research and Educational Welfare Organisation. The Financial Statements adequately disclose the results of the operations of the Institute and the state of its affairs.

DIRECTORS AND SECRETARY

The following acted as Directors :

H B Giliomee		- President of the Institute
E R Jenkins		- Chairman of the Executive Committee
M K Allen	(Resigned 17 March 1996)	- Honorary Treasurer
J S Kane-Berman		- Chief Executive
E J Mabuza	(Appointed 1 August 1995)	- Vice President
T Sono	(Appointed 1 August 1995)	- Vice President
L Schlemmer		- Vice President
H Suzman (D B E Hon)		- Vice President
J W Wentzel		- Special Research Director

The secretary of the Institute is F G Oppler.

<u>Business address</u>	<u>Postal address</u>
68 De Korte Street Braamfontein 2001 Johannesburg	P O Box 31044 Braamfontein 2017 South Africa

SUBSIDIARY COMPANY

The name of the Subsidiary is:

	<u>1996</u>	<u>1995</u>
De Korte Street Properties (Pty) Ltd		
Details are:		
Issued Share Capital	R6	R6
Company's Holding	100%	100%
Book Value of Company's Holding	R6	R6
Amount owing to Holding Company net of provision for losses incurred	R596 320	R594 071



THE SOUTH AFRICAN INSTITUTE OF RACE RELATIONS  
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**BALANCE SHEET**

at 31 March 1996

	Notes	GROUP		COMPANY	
		1996 R	1995 R	1996 R	1995 R
<b>CAPITAL EMPLOYED</b>					
NON-DISTRIBUTABLE RESERVE	2	821 681	821 681	821 681	821 681
ACCUMULATED FUNDS		287 197	227 968	287 196	227 968
		<u>1 108 878</u>	<u>1 049 649</u>	<u>1 108 877</u>	<u>1 049 649</u>
SPECIAL FUNDS	3/4	9 628 823	9 590 377	9 628 823	9 590 377
RESEARCH FUND	5	2 000 000	1 200 000	2 000 000	1 200 000
RESERVE FUND - WESTERN CAPE	6	1 196 431	-	1 196 431	-
MOTOR VEHICLE RESERVE FUND - WESTERN CAPE	7	21 000	-	21 000	-
LONG TERM LIABILITIES	8	321 104	326 817	14 900	14 900
		<u>14 276 236</u>	<u>12 166 843</u>	<u>13 970 031</u>	<u>11 854 926</u>
<b>EMPLOYMENT OF CAPITAL</b>					
FIXED ASSETS	9	979 564	979 564	30 928	30 928
INVESTMENT IN SUBSIDIARY	10	-	-	596 326	594 077
INVESTMENTS					
Special funds		9 272 589	9 504 977	9 272 589	9 504 977
Other		2 961 263	985 673	2 961 263	985 673
	11	<u>12 233 852</u>	<u>10 490 650</u>	<u>12 233 852</u>	<u>10 490 650</u>
		<u>13 213 416</u>	<u>11 470 214</u>	<u>12 861 106</u>	<u>11 115 655</u>
<b>CURRENT ASSETS</b>					
Stock	12	2	2	2	2
Debit balances on special funds	4.4	356 234	85 399	356 234	85 399
Current account with subsidiary		-	-	31 946	23 862
Accounts receivable	13	955 060	912 095	954 109	911 144
Cash resources		1 263 904	936 536	1 263 904	936 536
		<u>2 575 200</u>	<u>1 934 032</u>	<u>2 606 195</u>	<u>1 956 943</u>
<b>CURRENT LIABILITIES</b>					
Accounts payable	14	1 512 381	1 237 403	1 497 270	1 217 672
<b>NET CURRENT ASSETS/ (LIABILITIES)</b>					
		<u>1 062 818</u>	<u>696 629</u>	<u>1 108 925</u>	<u>739 271</u>
		<u>14 276 236</u>	<u>12 166 843</u>	<u>13 970 031</u>	<u>11 854 926</u>

THE SOUTH AFRICAN INSTITUTE OF RACE RELATIONS  
(INCORPORATED ASSOCIATION NOT FOR GAIN)  
AND ITS SUBSIDIARY COMPANY

**INCOME STATEMENTS**

for the year ended 31 March 1996

	Notes	GROUP		COMPANY	
		1996 R	1995 R	1996 R	1995 R
<b>INCOME</b>					
Membership fees and subscriptions		1 934 347	1 551 873	1 934 347	1 551 873
Administration fees received		3 032 095	2 386 633	3 032 095	2 386 633
Interest received		530 492	280 285	530 492	280 285
Grants and donations		2 171 630	985 015	2 171 630	985 015
Publication sales		62 623	95 069	62 623	95 069
Rental received		24 949	24 658	22 457	24 568
		<u>7 756 136</u>	<u>5 323 533</u>	<u>7 753 644</u>	<u>5 323 443</u>
<b>EXPENDITURE</b>					
Auditors' remuneration					
Fees for the audit	15	55 100	53 080	52 810	47 010
Furniture and equipment written down to nominal value		69 158	50 160	69 158	50 160
Interest paid		57 001	51 958	-	-
Lease expenditure		16 068	17 788	16 068	17 788
Research, publishing and administration expenses		5 482 150	4 879 406	5 541 198	4 937 446
		<u>5 679 477</u>	<u>5 052 392</u>	<u>5 679 234</u>	<u>5 052 404</u>
<b>EXCESS INCOME OVER EXPENDITURE</b>					
TRANSFER TO RESEARCH FUND		2 076 659	271 141	2 074 410	271 039
TRANSFER TO MOTOR VEHICLE RESERVE FUND (W. CAPE)		(800 000)	(200 000)	(800 000)	(200 000)
TRANSFER TO RESERVE FUND (WESTERN CAPE)		(21 000)	-	(21 000)	-
TRANSFER TO EDUCATIONAL TRUST (WESTERN CAPE)		(1 196 431)	-	(1 196 431)	-
PROVISION FOR PROFIT IN SUBSIDIARY		-	(39 695)	-	(39 695)
SURPLUS at beginning of year		-	-	2 249	102
SURPLUS at end of year		<u>227 968</u>	<u>196 522</u>	<u>227 968</u>	<u>196 522</u>
		<u>287 196</u>	<u>227 968</u>	<u>287 196</u>	<u>227 968</u>

THE SOUTH AFRICAN INSTITUTE OF RACE RELATIONS  
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**CASH FLOW STATEMENT**

for the year ended 31 March 1996

	Note	GROUP		COMPANY	
		1996 R	1995 R	1996 R	1995 R
Operating profit/(loss) and profit in subsidiary before interest	19.1	1 603 168	3 119	1 546 167	(48 839)
Items not involving the flow of funds -					
Adjustments on acquisition of furniture and fittings written down to nominal value		69 158	50 160	69 158	50 160
Decrease/(increase) in working capital	19.2	232 009	72 661	236 632	72 531
		<u>1 904 335</u>	<u>125 940</u>	<u>1 851 957</u>	<u>73 852</u>
Interest received		530 492	280 285	530 492	280 285
Interest paid		(57 000)	(51 958)	-	-
Cash retained/(utilised) from operations		<u>2 377 827</u>	<u>354 267</u>	<u>2 382 449</u>	<u>354 137</u>
Increase in Inter-company current account		-	-	(8 084)	(13 369)
External financing - loans repaid		<u>(5 713)</u>	<u>(13 603)</u>	<u>-</u>	<u>-</u>
Purchase of furniture and equipment		(69 157)	(50 159)	(69 158)	(50 160)
Decrease/(increase) in investments		(1 975 590)	98 650	(1 975 590)	98 649
Increase in investment in subsidiary		-	-	(2 249)	(102)
Cash effects of investment activities		<u>(2 044 747)</u>	<u>48 491</u>	<u>(2 046 997)</u>	<u>48 387</u>
Net cash generated/(utilised)		327 367	389 155	327 368	389 155
Cash resources at beginning of year		<u>936 536</u>	<u>547 381</u>	<u>936 536</u>	<u>547 381</u>
Cash resources at end of year		<u><u>1 263 903</u></u>	<u><u>936 536</u></u>	<u><u>1 263 904</u></u>	<u><u>936 536</u></u>

THE SOUTH AFRICAN INSTITUTE OF RACE RELATIONS  
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**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 March 1996

1 ACCOUNTING POLICIES

The Financial Statements are prepared on the historical cost basis.

1.1 Membership Fees

Membership fees due and payable are brought to account on a cash received basis.

1.2 Donations

Donations are brought to account on a cash received basis upon being banked to the account of the Institute.

1.3 Special Funds

Funds specifically designated by donors may, at the discretion of the recipient activity, be retained and invested by the Institute pending disbursement.

1.4 Bursary Funds and Special Research Projects

The Funds and Projects administered by the Institute are disclosed in these Financial Statements by way of note 3.

1.5 Fixed Assets

Land and Buildings are not depreciated. Other Fixed Assets are written off when purchased and are shown at nominal value.

1.6 Stock

Stock is valued at nominal value.

1.7 Regional Accounting

Regional operating results and their assets and liabilities are incorporated in these Financial Statements.

1.8 Consolidation

The company results include the operating results and assets and liabilities of the Johannesburg Head Office and Western Cape region. The group results include the company results and the operating results and assets and liabilities of the wholly-owned subsidiary.

THE SOUTH AFRICAN INSTITUTE OF RACE RELATIONS  
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**

for the year ended 31 March 1996

				<u>1996</u> R	<u>1995</u> R	
<b>2 NON-DISTRIBUTABLE RESERVES</b>						
2.1 Specific bequests, surplus on sale of investments and extraordinary donations of a non-recurring nature:				231 181	231 181	
2.2 Building Fund				590 500	590 500	
				<u>821 681</u>	<u>821 681</u>	
<b>3 SPECIAL FUNDS</b>						
	<u>Note</u>	<u>Head Office Bursary Funds</u> R	<u>Head Office Special Research Projects</u> R	<u>Regional Bursary and Special Funds</u> R	<u>Total 1996</u> R	<u>Total 1995</u> R
<b>INCOME</b>						
Donations and grants		20 741 277	351 860	3 272 446	24 365 583	20 173 401
Interest		1 349 739	-	364 199	1 713 938	764 063
Dividends		103 744	2 228	-	105 972	72 929
Profit on sale of shares		-	-	-	-	8 755
Loans repaid		-	-	-	-	5 200
		<u>22 194 760</u>	<u>354 088</u>	<u>3 636 645</u>	<u>26 185 493</u>	<u>21 024 348</u>
<b>EXPENDITURE</b>						
Administration costs		3 280 573	-	1 917 305	5 197 878	3 468 930
Audit fees		133 413	-	-	133 413	9 787
Bursaries and grants		19 938 296	89 761	1 240 863	21 268 920	16 425 173
Project costs		-	-	-	-	135 620
		<u>23 352 282</u>	<u>89 761</u>	<u>3 158 168</u>	<u>26 600 211</u>	<u>20 039 510</u>
(Deficit)/Surplus for the year		(1 157 522)	264 327	478 477	(414 718)	984 838
Accumulated funds at beginning of year net of deficit balances		7 308 971	237 297	1 958 709	9 504 977	7 488 789
Funds introduced during the year		-	-	182 330	182 330	1 031 350
<b>FUNDS at year end</b>		<u>6 151 449</u>	<u>501 624</u>	<u>2 619 516</u>	<u>9 272 589</u>	<u>9 504 977</u>

A list of the balances of the Special Funds administered by the Institute appears in Note 4.

THE SOUTH AFRICAN INSTITUTE OF RACE RELATIONS  
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**

for the year ended 31 March 1996

4 SPECIAL FUND BALANCES AT 31 MARCH 1996

4.1 Bursary Funds

	Capital R	Amounts held for Bursary Awards R	Total 1996 R	Total 1995 R
KFS Austrian Technikon Bursary Programme	-	358 974	358 974	329 618
Eva Auerbach Trust	1 500	304	1 804	1 713
Alan Paton Fund	2 000	664	2 664	3 009
Andrew Hofmeyr Book Award	10 000	(325)	9 675	8 305
The Bertha McKay Bursary Fund	100 201	21 121	121 322	119 879
The B and E Koch Bursary Fund	6 000	3 276	9 276	8 652
Margaret Ballinger Welfare Fund	-	13 903	13 903	11 542
Boxer Bursary Fund	5 000	149	5 149	4 508
Dorothy Glauber Bursary Fund	55 000	10 811	65 811	57 498
Ellen Hellmann Fund	8 000	1 939	9 939	9 215
Emily Hobhouse Bursary Fund	600	28	628	628
Energos Foundation	940 000	141 067	1 081 067	1 041 973
First National Bank Bursary Fund	-	116 095	116 095	116 760
G M Robertson Bursary Fund	10 000	2 512	12 512	11 175
German Academic Exchange Scholarship Programme	-	472 890	472 890	558 210
German Enrichment Programme	-	81 198	81 198	67 728
Gert and Irmgard Brusseau Trust	67 191	(4 677)	62 514	70 045
Harvard S A Fellowship Programme	-	62 937	62 937	1 534
The Horace Coaker Trust	500	11 577	12 077	6 736
Isaacson Foundation Bursary Fund	525 276	209 234	734 510	268 915
Joy Abelson Bursary Fund	-	3 324	3 324	9 088
Kellogg Foundation Bursary Fund	-	-	-	814 903
Esrael Lazarus Education Fund	100 000	(6 996)	93 004	107 486
Luthuli Memorial Foundation Trust Fund	107 883	21 361	129 244	115 711
Mampu School Bursary Fund	1 000	379	1 379	1 221
The Dr M Patel and His Parents Trust	10 000	1 988	11 988	12 709
Reginald H Smith Bursary Fund	10 000	3 757	13 757	12 171
Robert Shapiro Trust	10 878	71 294	82 172	38 341
Senior Teachers Training Trust	50 000	8 128	58 128	54 865
The Robert Birley Trust	1 500	-	1 500	1 500
South African Scholarship Programme (US Aid)	-	-	-	633 335
Shirley Simon Bursary Fund	809 174	33 844	843 018	824 673
SAIRR Education Trust	73 592	102 493	176 085	479 705
(Anglovaal Group Bursary Scheme)	-	40 000	40 000	40 000
US Aid Test Teach Test	-	14 267	14 267	-
US Signatory Education Trust	-	1 183 264	1 183 264	1 029 282
Swiss Church Group Scholarship Programme	-	602 162	602 162	500 570
Yvonne Rabbow Memorial Music Award	16 705	2 741	19 446	17 549
	<u>2 922 000</u>	<u>3 585 683</u>	<u>6 507 683</u>	<u>7 390 752</u>

THE SOUTH AFRICAN INSTITUTE OF RACE RELATIONS  
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*NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)*  
for the year ended 31 March 1996

4 SPECIAL FUND BALANCES AT 31 MARCH 1996

	<u>Capital</u>	Amounts held for Bursary <u>Awards</u>	Total <u>1996</u>	Total <u>1995</u>
	R	R	R	R
<b>4.1 <u>Total Bursary Funds</u></b>				
Balance brought forward	2 922 000	3 585 683	6 507 683	7 390 752
<b>4.2 <u>Special Research Projects</u></b>				
International Republican Institute			267	6 218
Friedrich Naumann Foundation			20 463	5 312
Unemployment Study Fund			314 156	-
Richards Bay Minerals			-	30 000
Westminster Foundation for Democracy			-	29 030
Estate Late CMK Thomas			166 738	161 380
			<u>501 624</u>	<u>231 940</u>
<b>4.3 <u>Funds Administered by</u></b>				
<b><u>Cape Western Region</u></b>				
Enrichment Programme	-	5 906	5 906	18
Freda Whitehead Progress Trust Bursary Programme	31 197	-	31 197	31 669
Educational Trust Bursary Programme				
- Educational Trust	1 590 673	177 446	1 768 119	1 419 356
- Gregoire Boonzaier Fund	124 000	109	124 109	125 234
- Brodie Trust Fund	339 525	(301)	339 224	341 920
DG Murray Trust Fund Bursary Programme	-	6 558	6 558	-
Headstart Programme	-	344 403	344 403	44 130
	<u>2 085 395</u>	<u>534 121</u>	<u>2 619 516</u>	<u>1 962 327</u>
			<u>9 628 823</u>	<u>9 590 377</u>
<b>4.4 <u>Debit Balances on Funds Administered:</u></b>				
<b><u>by Head Office (Johannesburg)</u></b>				
US Aid Test Teach Test			-	81 781
Kellogg Foundation Bursary Awards		215 238	215 238	-
South African Scholarship Programme (US Aid)		140 996	140 996	-
<b><u>by Cape Western Region</u></b>				
Khayelitsha Enrichment Programme		-	-	3 618
		<u>356 234</u>	<u>356 234</u>	<u>85 399</u>

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5 RESEARCH FUND	<u>1996</u> R	<u>1995</u> R
R800 000 (1995 : R200 000) has been transferred from accumulated funds to the research fund to finance future research.	2 000 000	1 200 000
6 RESERVE FUND (WESTERN CAPE)	<u>1 196 431</u>	<u>-</u>
7 MOTOR VEHICLE RESERVE FUND (WESTERN CAPE)	<u>21 000</u>	<u>-</u>
8 LONG TERM LIABILITIES		
<u>Institute</u>		
<u>Secured</u>		
Secured by a first mortgage bond over land and buildings in Cape Town, with a book value of R30 922. There is no interest payable and no fixed terms of repayment at present.	<u>14 900</u>	<u>14 900</u>
<u>Consolidated</u>		
<u>Secured</u>		
8.1 Secured by a first mortgage bond over land and buildings in Cape Town, with a book value of R30 922. There is no interest payable and no fixed terms of repayment at present.	14 900	14 900
8.2 This loan is secured by a mortgage bond registered over stands 2794 and 5088 Johannesburg, with a book value of R948 636. Interest is payable at 18.25%, and monthly instalments inclusive of interest are R5 551.	<u>316 001</u>	<u>325 611</u>
	330 901	340 511
Less: Payable before 31 March 1997 included in accounts payable	<u>9 797</u>	<u>13 694</u>
	<u>321 104</u>	<u>326 817</u>



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9 FIXED ASSETS	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	
	R	R	<u>1996</u>	<u>1995</u>
			R	R
Land and buildings	30 922	-	30 922	30 922
Furniture and equipment	779 285	779 281	4	4
	<u>810 207</u>	<u>779 281</u>	<u>30 926</u>	<u>30 926</u>
Library - at nominal value			<u>2</u>	<u>2</u>
			<u><u>30 928</u></u>	<u><u>30 928</u></u>
<u>Consolidating De Korte Street Properties (Pty) Ltd</u>	<u>Cost</u>	<u>Written down to Nominal Value</u>	<u>Net Book Value</u>	
	R	R	<u>1996</u>	<u>1995</u>
			R	R
Land and buildings	979 558	-	979 558	979 558
Furniture and equipment	779 285	779 281	4	4
	<u>1 758 843</u>	<u>779 281</u>	<u>979 562</u>	<u>979 562</u>
Library - At nominal value			<u>2</u>	<u>2</u>
			<u><u>979 564</u></u>	<u><u>979 564</u></u>
<u>Details of Land and Buildings</u>		<u>Valuation</u>	<u>1996</u>	<u>1995</u>
		R	R	R
Freehold property, Stand 28701, situated at No. 5 Long Street, Mowbray, Cape Town - Purchased January 1975 at cost			27 723	27 723
Improvement during that year			3 199	3 199
Municipal valuation		29 240	<u>30 922</u>	<u>30 922</u>
Freehold stand lot 2794 Johannesburg Township situated at 68 De Korte Street, Braamfontein - Purchased 1954 at cost Building erected 1956			20 500	20 500
			65 198	65 198
Based on maintainable earnings of R12 per square metre per month and capitalised at 12% per annum. Directors' valuation		1 167 600	<u>85 698</u>	<u>85 698</u>
Freehold stand, lot 5088 Johannesburg Township situated at 70 De Korte Street, Braamfontein - purchased 1989 at cost Improvements and alterations - 1990 Improvements and alterations - 1991			375 000	375 000
			440 410	440 410
			<u>47 528</u>	<u>47 528</u>
Based on maintainable earnings of R12 per square metre per month and capitalised at 12% per annum. Directors' valuation		381 600	<u>862 938</u>	<u>862 938</u>
		<u>1 578 440</u>	<u><u>979 558</u></u>	<u><u>979 558</u></u>

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
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10	INVESTMENT IN WHOLLY OWNED SUBSIDIARY COMPANY	<u>1996</u> R	<u>1995</u> R
	Shares at cost	6	6
	Loan to subsidiary (net of provision for losses incurred)	596 320	594 071
		<u>596 326</u>	<u>594 077</u>
11	INVESTMENTS		
11.1	SPECIAL FUNDS	<u>1996</u> R	<u>1995</u> R
11.1.1	<u>Bursary Funds : Head Office</u>		
	Participation Mortgage Bonds	86 500	97 000
	Fixed Deposits	128 516	226 473
		<u>215 016</u>	<u>323 473</u>
	Listed Investments		
	500 Allied Electronics Ltd	43 310	43 310
	1 000 Anglo American Coal Corporation Ltd	500	500
	1 600 Anglo American Corporation of SA Ltd	160	160
	1 300 CG Smith Foods Ltd	50 984	50 984
	20 000 C.N.A. Gallo Ltd	74 927	74 927
	700 De Beers Centenary Linked Units	68 445	68 445
	2 492 Engen Ltd	101 858	101 858
	5 000 First National Bank Ltd	80 455	80 455
	700 Genbel Ltd	5 240	5 240
	4 734 Gencor Ltd	47 978	47 978
	10 000 Information Services Group Ltd	30 188	30 188
	1 200 Kinross Mines Ltd	73 389	73 389
	2 101 Liberty Life Association of Africa Ltd	63 528	63 528
	990 Malbak Ltd	18 112	18 112
	1 844 Murray and Roberts Holdings Ltd	89 211	87 897
	1 000 Palabora Mining Co Ltd	68 356	68 356
	5 000 Pick 'n Pay Stores Ltd	50 453	50 453
	2 000 Rembrandt Group Ltd	29 398	29 398
	3 000 Richemont Securities AG	55 686	55 686
	1 000 Rustenburg Platinum Holdings Ltd	76 264	76 264
	2 000 Tiger Oats Ltd	200	200
	200 Vaal Reefs Exploration and Mining Co Ltd	62 236	62 236
	240 Western Deep Levels Ltd	240	240
	(Market value : R2 449 477 [1995 : R1 966 484])	<u>1 091 118</u>	<u>1 089 804</u>
	Local Registered Stock		
	9,625 % Phalaborwa Water Board	7 000	7 000
	9,5 % Newcastle Town Council	9 926	9 926
	9,25 % Eskom	60 000	60 000
	11 % Eskom	120 013	120 013
	(Market value : R183 343 [1995 : R180 974])	<u>196 939</u>	<u>196 939</u>
	Balance carried forward	1 503 073	1 610 216

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	<u>1996</u>	<u>1995</u>
	R	R
11.1.1 <u>Bursary Funds : Head Office</u> (continued)		
11.1.1 Balance brought forward	1 503 073	1 610 216
Cash deposits	5 816 321	9 646 274
Debtors	17 057	2 438
Cash resources	88 080	(621 403)
	<hr/>	<hr/>
	7 424 531	10 637 525
Less : Creditors	1 273 082	3 328 554
	<hr/>	<hr/>
	6 151 449	7 308 971
11.1.2 <u>Special Research Projects</u>		
Cash on call	334 707	70 560
Sundry listed investments (Market value : R223 614 [1995 : R163 370])	166 917	166 736
11.1.3 <u>Funds Administered by Regional Office</u>		
Enrichment Programme		
Cash on call	5 906	18
Freda Whitehead Progress Trust Bursary Programme		
Syfrets Participation mortgage Bonds	29 200	29 200
Eskom Stock [Market value R1 944 : 1995 : R1 928]	1 997	1 997
Cash on call	-	472
Educational Trust Bursary Programme		
Educational Trust		
Participation Mortgage Bonds	1 290 000	1 290 000
Fixed Deposit	182 330	-
Shares [Market value R728 845 : 1995 : R706 275]	68 245	68 245
Cash on call	227 544	61 111
Gregoire Boonzaier Fund		
Participation Mortgage Bonds	124 000	124 000
Cash at bank	109	1 234
Brodie Trust Fund		
Eskom Stock	339 525	339 525
Cash at bank	(301)	2 395
DG Murray Trust Fund Bursary Programme		
Cash at bank	6 558	-
Headstart Programme		
Cash on call	344 403	44 130
	<hr/>	<hr/>
	2 619 516	1 962 327
	<hr/>	<hr/>
TOTAL SPECIAL FUNDS INVESTED	9 272 589	9 504 977

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*NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)*  
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	<u>1996</u>	<u>1995</u>		
	R	R		
<b>11.2 CASH ON CALL AND ON DEPOSIT : OTHER FUNDS</b>				
Head Office:				
Research Reserve	500 000	500 000		
General Reserve	1 111 603	379 685		
Other	62 891	30 787		
Regional Office:				
Reserve Fund	1 196 431	-		
Other	90 338	75 201		
	<u>2 961 263</u>	<u>985 673</u>		
<b>TOTAL INVESTMENTS</b>	<u><u>12 233 852</u></u>	<u><u>10 490 650</u></u>		
<b>12 STOCK</b>				
Stock comprises -				
Finished goods, books and publications at nominal value			<u>2</u>	<u>2</u>
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
	R	R	R	R
<b>13 ACCOUNTS RECEIVABLE</b>				
Amounts due from bursary funds	36 831	633 070	36 831	633 070
Trade and other debtors:				
Head Office	854 389	216 904	853 438	215 953
Regional	19 653	20 226	19 653	20 226
Staff debtors -				
- Head Office	44 187	41 895	44 187	41 895
	<u>955 060</u>	<u>912 095</u>	<u>954 109</u>	<u>911 144</u>
<b>14 ACCOUNTS PAYABLE AND PROVISIONS</b>				
Trade and other creditors:				
Head Office	1 379 519	1 201 080	1 374 205	1 201 080
Regional	123 065	16 592	123 065	16 592
Current portion of long term liabilities	9 797	19 731	-	-
	<u><u>1 512 381</u></u>	<u><u>1 237 403</u></u>	<u><u>1 497 270</u></u>	<u><u>1 217 672</u></u>

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15	AUDITORS' REMUNERATION	<u>1996</u>	<u>1995</u>
		R	R
	Fees for the Audit including management services		
	Head Office Central Funds		
	- Audit	31 800	28 740
	- Other	-	5 000
	Head Office Bursary Department	3 060	3 289
	Cape Western Region Institute	13 440	9 310
	Cape Western Bursary Department	4 510	3 960
		<hr/>	<hr/>
		52 810	50 299
	De Korte Street Properties (Pty) Ltd	2 290	2 781
		<hr/>	<hr/>
	Charged to the income statement	55 100	53 080
	Charged to bursary funds - Head Office	15 081	13 513
		<hr/>	<hr/>
		70 181	66 593
		<hr/> <hr/>	<hr/> <hr/>
16	DIRECTORS' REMUNERATION		
	The directors' emoluments for the year under review were R379 424.		
17	COMMITMENT		
	There is a commitment in respect of unexpired portion of lease agreements over office equipment and a motor vehicle amounting to R321 523, of which R106 140 is payable in the next financial year in instalments of R8 845 per month.		
18	TAXATION		
	The Institute is exempt from tax in terms of Section 10(i) of the Income Tax Act.		
19	CASH FLOW INFORMATION		
		<u>GROUP</u>	<u>COMPANY</u>
		<u>1996</u>	<u>1995</u>
		R	R
19.1	OPERATING PROFIT/(LOSS) AND PROFIT IN SUBSIDIARY BEFORE INTEREST		
	Excess income over expenditure	2 076 659	271 141
	Transfer to Educational Trust	-	(39 695)
	Interest Received	(530 492)	(530 492)
	Interest paid	57 001	-
	Provision for profit in subsidiary	-	-
		<hr/>	<hr/>
		1 603 168	3 119
		<hr/> <hr/>	<hr/> <hr/>
		2 074 410	271 039
		<hr/>	<hr/>
		(530 492)	(280 285)
		<hr/>	<hr/>
		-	-
		<hr/>	<hr/>
		2 249	102
		<hr/>	<hr/>
		1 546 167	(48 839)
		<hr/> <hr/>	<hr/> <hr/>

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*NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)*  
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19 CASH FLOW INFORMATION (continued)

	GROUP		COMPANY	
	1996	1995	1996	1995
	R	R	R	R
19.2 DECREASE/(INCREASE) IN WORKING CAPITAL				
(Increase)/decrease in accounts receivable	(42 969)	(56 302)	(42 969)	(56 302)
Increase/(decrease) in accounts payable	274 978	128 963	279 601	128 833
	<u>232 009</u>	<u>72 661</u>	<u>236 632</u>	<u>72 531</u>

